

North Country Hospital

Fiscal Year 2016 budget analysis

Report Date:

8/14/2015

North Country Hospital

Claudio Fort - CEO

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Summary Budget to Budget Increase

The 2016 budget shows a 4.1% increase over the 2015 budget according to what the hospital submitted but the hospital's narrative says 4.8%. The increase over 3% is due to increases in health care investments but also a pediatric practice acquired in 2015. They will discuss this in more detail at the hearing.

Utilization is projected to be 13.6% higher, and the budget includes 20.6 new FTEs (all related to the newly acquired pediatric practice).

The operating surplus is budgeted at 1.5% of net revenues; this is similar to the 1.6% margin in 2015. The balance sheet is in a very good position. The latest financial projections for 2015 show NPR being close to budget and operating surplus is exceeding the approved budget level.

The commercial cost shift is increased by \$1 million. Over \$2.8 million is related to declining revenues from Medicaid. This is off set by increases in Medicare, Bad Debt and Free Care.

Issues to Address at the Hearing

Discuss your rate increase and the effects on your commercial payers.

Describe the reasons for the large shift being seen from the Commercial/self pays to public payers.

Discuss the improving trends being seen in bad debt and free care the last few years.

Discuss the recent physician acquisitions and the effects on utilization.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 71,631,396	\$ 73,586,146	\$ 73,305,629	\$ 76,604,320	\$ 3,018,174	4.1%
Other Operating Revenue	\$ 6,359,285	\$ 5,311,700	\$ 4,679,204	\$ 4,662,622	\$ (649,078)	-12.2%
Total Operating Revenue	\$ 77,990,681	\$ 78,897,846	\$ 77,984,832	\$ 81,266,942	\$ 2,369,096	3.0%
Total Expenses	\$ 75,707,661	\$ 77,623,396	\$ 75,486,852	\$ 80,046,931	\$ 2,423,535	3.1%
Net Operating Income	\$ 2,283,020	\$ 1,274,450	\$ 2,497,980	\$ 1,220,010	\$ (54,440)	-4.3%
Operating Margin %	2.9%	1.6%	3.2%	1.5%	-0.1%	

North Country Hospital

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	13.7	12.6	12.9	12.2	12.1	0.3	-0.7
Total Average Daily Census	16	16	16	16	15	0	-0.2
Acute Average Length of Stay	3.7	3.4	3.4	3.3	3.2	0.1	-0.2
Acute Admissions	1,363	1,370	1,374	1,365	1,366	4	-8.0
Total Beds (Staffed)	27	27	27	27	27	0	0.0
Adjusted Admissions	8,135	8,525	7,684	8,620	8,730	-841	1,045.8
Adjusted Days	29,790	28,590	26,234	28,019	28,349	-2,356	2,115.4
Capital							
Age of Plant	8.7	8.5	9.7	9.6	9.3	1.2	-0.5
Long Term Debt to Capitalization	5.4%	4.7%	2.5%	2.4%	2.1%	-2.3%	-0.4%
Capital Expenditures to Depreciation	39.7%	67.5%	62.7%	146.6%	71.3%	-4.8%	8.7%
Debt per Staffed Bed	1,254,898	1,248,006	1,161,185	1,186,185	1,173,593	-86,821	12,407
Net Prop, Plant & Equip per Staffed Bed	1,030,307	973,114	973,296	1,001,407	945,852	182	-27,444
Debt Service Coverage Ratio	0.2	0.4	0.3	0.3	0.3	0.0	0.0
Revenue							
Deduction %	51.8%	52.4%	54.1%	54.5%	55.3%	1.7%	1.2%
Bad Debt % of Gross Revenue	2.3%	2.4%	2.6%	1.9%	1.9%	0.3%	-0.7%
Free Care % of Gross Revenue	1.1%	0.7%	0.8%	0.8%	0.8%	0.1%	0.0%
Operating Margin %	-1.0%	2.9%	1.6%	3.2%	1.5%	-1.3%	-0.1%
Total Margin %	1.9%	5.9%	2.4%	4.2%	2.5%	-3.5%	0.2%
All Net Patient Revenue % of Gross Rev	46.7%	45.8%	44.3%	44.0%	43.6%	-1.5%	-0.7%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	42.7%	41.3%	37.7%	39.3%	38.9%	-3.6%	1.2%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	29.6%	27.3%	25.2%	23.8%	23.6%	-2.2%	-1.6%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	61.8%	63.8%	63.7%	65.9%	65.7%	-0.1%	2.0%
Productivity							
Adjusted Admissions Per FTE	18.1	20.8	17.8	20.5	19.4	-3.1	1.6
FTEs per 100 Adj Discharges	5.5	4.8	5.6	4.9	5.2	0.8	-0.5
Overhead Expense w/ fringe, as a % of Total Operating Exp	20.3%	21.5%	21.8%	22.5%	22.1%	0.3%	0.4%
FTEs Per Adjusted Occupied Bed	5.5	5.2	6.0	5.5	5.8	0.8	-0.2
Cost							
Cost per Adjusted Admission	9,503	8,881	10,102	8,758	9,170	1,221	(933)
Salary & Benefits per FTE - Non-MD	76,516	78,980	77,902	73,437	75,047	(1,078)	(2,855)
Compensation Ratio	63.1%	59.3%	59.7%	57.2%	59.9%	0.4%	0.3%
Capital Cost % of Total Expense	6.8%	6.9%	7.5%	6.9%	7.4%	0.5%	0.0%
Liquidity							
Current Ratio	1.2	1.4	1.4	1.3	1.5	(0.0)	0.0
Days Cash on Hand	176.4	210.7	162.8	160.2	164.5	(48.0)	1.8
Cash to Long Term Debt	15.4	18.3	29.8	31.3	36.3	11.5	6.5
Payer							
DSH % of Total NPR	2.9%	3.7%	3.3%	3.3%	2.4%	-0.4%	-0.9%
Medicaid % of Total NPR (incl. DSH)	13.7%	13.9%	12.7%	14.0%	14.3%	-1.2%	1.7%
Medicare % of Total NPR (incl. DSH)	36.7%	35.3%	33.1%	34.5%	34.4%	-2.3%	1.4%
Commercial % of Total NPR (incl. DSH)	46.8%	47.1%	50.9%	48.1%	48.8%	3.9%	-2.1%
Employed							
Non-MD FTEs	449.3	409.3	432.8	420.4	450.2	23.5	17.4
Physician FTEs	35.6	32.3	30.7	31.3	33.9	(1.6)	3.2
Travelers	-	-	-	-	-	-	-
Outpatient							
All Outpatient Visits	73,765	69,862	72,517	69,879	69,878	2,655	(2,639)
Operating Room Procedure	2,895	2,851	2,660	2,868	2,830	(191)	170
Observation Units	-	-	-	-	-	-	-

1) The hospital is submitting an 4.8% increase in overall rates, earning \$2.7 million in NPRs.

a) Will that amount, on average, be the increase that commercial payers will be paying? Describe the different reimbursement agreements you may have when contracting with commercial payers.

b) Your rate schedule shows that \$1.9 million of the NPRs will be from commercial and \$0.7 million will come from Medicare. I have thought that Medicare reimbursement was not "sensitive" to your rate increase. Discuss why you reported it this way.

2) NCH has submitted a 4.1% NPR increase. The increase over 3.0% is related to physician acquisitions filed with GMCB in 2015.

a) Discuss the physician acquisitions that took place this April. Describe the scope of the acquisition and the related non-MD FTEs that were also acquired.

b) Describe the expected effects on utilization.

3) Utilization metrics show a number of increases, presumably related to the additional physicians. Overall utilization is up almost 14%. However, NPRs expected to be earned show large increases in Medicare and Medicaid offset by a large reduction in Commercial and self pays. Explain what is happening with utilization and the related reimbursement.

4) NCH is seeing some significant changes in bad debt and free care. Bad debt and free care levels were 4.1% of gross revenues in 2014, 3.4% in Budget 2015, and budgeted 2016 at 2.7%.

a) Describe any recent changes you have seen in terms of caseloads, patient coverages, billing disputes, etc.

b) Is NCH free care policy significantly different than other hospitals? Are there any changes in reporting that are influencing this?

5) The 2015 projection shows lower NPRs but with a surplus of \$2.5 million vs. a budget of \$1.3 million.

a) It appears the higher surplus was achieved despite lower NPRs because of savings in expenses. Describe the savings that have been achieved.

b) Are these projections still valid? If not, describe any material changes.

6) You mention the Medicare reimbursement estimate as not expecting any funds regarding the appeal of the disallowance related to the provider tax. Can you clarify whether you have a liability for past years? Am I correct that the 2016 budget no longer assumes any revenues for this item?

7) NCH has budgeted \$173,000 higher for the provider tax than the DVHA numbers provided to us. Is this a reporting issue? Can you confirm your provider tax obligation?

North Country Hospital
PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B-2016B	2016B
REVENUES						
INPATIENT	\$24,191,930	\$28,695,871	\$25,519,658	\$26,828,669	-\$1,867,202	-6.5%
OUTPATIENT	\$126,067,640	\$131,516,866	\$135,217,388	\$144,265,607	\$12,748,742	9.7%
PHYSICIAN	\$0	\$0	\$0	\$0	\$0	0.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$278,068	\$264,582	\$413,712	\$359,218	\$94,636	35.8%
GROSS PATIENT CARE REVENUE	\$150,537,638	\$160,477,319	\$161,150,758	\$171,453,494	\$10,976,176	6.8%
DISPROPORTIONATE SHARE PAYMENTS	\$2,652,586	\$2,432,098	\$2,432,098	\$1,811,601	-\$620,497	-25.5%
BAD DEBT	-\$3,599,471	-\$4,248,919	-\$3,082,375	-\$3,299,360	\$949,559	22.3%
FREE CARE	-\$1,074,525	-\$1,310,379	-\$1,253,324	-\$1,315,045	-\$4,666	-0.4%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$76,884,832	-\$83,763,972	-\$85,941,528	-\$92,046,370	-\$8,282,398	-9.9%
NET PATIENT CARE REVENUE	\$71,631,396	\$73,586,146	\$73,305,629	\$76,604,320	\$3,018,174	4.1%
OTHER OPERATING REVENUE	\$6,359,285	\$5,311,700	\$4,679,204	\$4,662,622	-\$649,078	-12.2%
TOTAL OPERATING REVENUE	\$77,990,681	\$78,897,846	\$77,984,832	\$81,266,942	\$2,369,096	3.0%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	75,707,661	77,623,396	75,486,852	80,046,931	\$2,423,535	3.1%
NET OPERATING INCOME (LOSS)	\$2,283,020	\$1,274,450	\$2,497,980	\$1,220,010	-\$54,440	-4.3%
NON-OPERATING REVENUE	\$2,432,880	\$616,154	\$814,160	\$859,688	\$243,534	39.5%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$4,715,901	\$1,890,604	\$3,312,140	\$2,079,698	\$189,094	10.0%

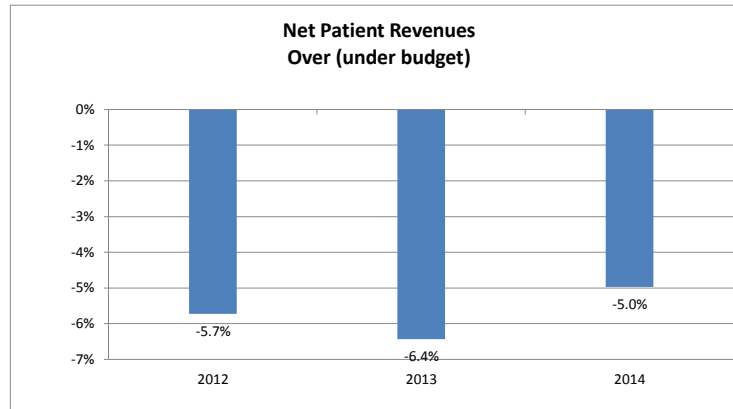
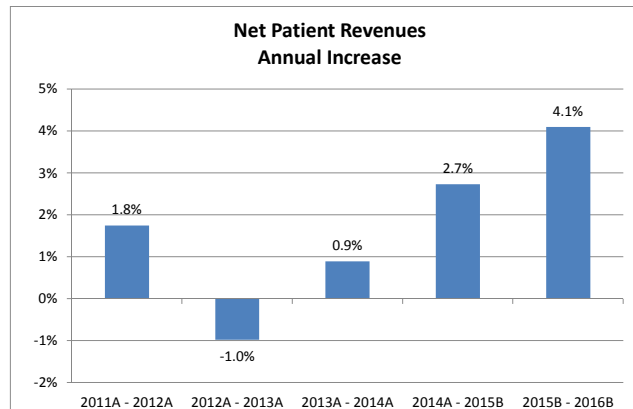
Physician revenue activity is included in the Outpatient revenue line. GMCB staff are working with hospitals to consistently align and report the information.

Favorable changes in bad debt will be discussed.

\$3.4 million of Other operating revenue is 340 B program (pharmacy).

Higher expenses are driven primarily by wage increases, 20.6 new FTEs, and non-salary expenses. See narrative for more detail.

Operating income has been budgeted in 2016 to be just below 2015 levels.



North Country Hospital**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 2,432,098	\$ 1,811,601	\$ (620,497)
Medicaid	\$ 9,336,773	\$ 10,989,066	\$ 1,652,294
Medicare	\$ 24,327,354	\$ 26,387,652	\$ 2,060,298
Commercial/self pay/Wcomp	\$ 37,489,923	\$ 37,416,000	\$ (73,922)
TOTAL	\$ 73,586,147	\$ 76,604,320	\$ 3,018,173
			4.1%

NPR shows a 4.1% increase over the 2015 budget. This increase can be described as follows:

	Millions	% Share
Rate Increase	\$ 2.7	3.6%
Physician Practice Transfers	\$ -	0.0%
Bad Debt/Free Care Improvement	\$ 1.0	1.3%
Disproportionate Share Loss	\$ (0.6)	-0.8%
Utilization Gain/Loss	\$ 0.0	0.0%
Health Care Reform Investments	\$ -	0.0%
Other Change	\$ -	0.0%
	\$ 3.0	4.1%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 4.1% increase over the 2015 budget, although the narrative reports a 4.8% increase. The hospital 's narrative states that 2.03% is due to the pediatric practice acquisition. See the narrative for details .

They did not request any "allowance" for health care investments.

Favorable changes in bad debt/free care were offset some by a reduction in disproportionate share.

Utilization shows very minor change which we have asked NCH to discuss.

North Country Hospital**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 2,432,098	\$ 1,811,601	\$ (620,497)
Medicaid	\$ 6,493,993	\$ 6,529,549	\$ 35,556
Medicare	\$ 19,096,571	\$ 21,078,993	\$ 1,982,422
Commercial/self pay/Wcomp	\$ 32,993,011	\$ 32,087,020	\$ (905,991)
TOTAL	\$ 61,015,674	\$ 61,507,163	\$ 491,489

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 2,842,779	\$ 4,459,517	\$ 1,616,738
Medicare	\$ 5,230,783	\$ 5,308,659	\$ 77,876
Commercial/self pay/Wcomp	\$ 4,496,911	\$ 5,328,980	\$ 832,069
TOTAL	\$ 12,570,473	\$ 15,097,157	\$ 2,526,684

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 2,432,098	\$ 1,811,601	\$ (620,497)
Medicaid	\$ 9,336,773	\$ 10,989,066	\$ 1,652,294
Medicare	\$ 24,327,354	\$ 26,387,652	\$ 2,060,298
Commercial/self pay/Wcomp	\$ 37,489,923	\$ 37,416,000	\$ (73,922)
TOTAL	\$ 73,586,147	\$ 76,604,320	\$ 3,018,173

This schedule breaks out the net patient revenue change s between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds a significant increase in Medicare and Medicaid NPR while commercial NPRs are essentially level even with a rate increase. NCH will explain these changes.

The disproportionate share change has been verified and a reduction will have an unfavorable effect on rate.

North Country Hospital

RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
North Country Hospital	4.6%	8.0%	8.3%	4.8%	7.0%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates		Commercial Payer	Self Pay/Other	Medicaid	Medicare	
Hospital Inpatient	6.2%								
Hospital Outpatient	5.6%								
Professional Services	0.0%								
Nursing Home	0.0%								
Home Health	0.0%								
Other	0.0%								
Summary price request	4.8%	\$ 7,852,627	\$ 2,658,091		\$ 1,835,837	\$ 85,459	\$ -	\$ 736,795	

		Gross Revenue from Other	Net revenue from Other		Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
Commercial Ask Negotiations			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Utilization			\$ 26,354		\$ (1,431,686)	\$ (1,517,757)	\$ 1,652,294	\$ 1,323,503	\$ -
Physician Acquisition or reduction			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Other major program change			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Free care			\$ 4,666		\$ -	\$ 4,666	\$ -	\$ -	\$ -
Bad debt			\$ 949,559		\$ -	\$ 949,559	\$ -	\$ -	\$ -
Dispro share change			\$ (620,497)		\$ -	\$ -	\$ -	\$ -	\$ (620,497)
Other NPR changes			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Summary Other (non-price) request		\$ 3,123,548	\$ 360,082		\$ (1,431,686)	\$ (563,532)	\$ 1,652,294	\$ 1,323,503	\$ (620,497)
Total NPR Increase Due to Price and Other		\$ 10,976,175	\$ 3,018,173		\$ 404,151	\$ (478,073)	\$ 1,652,294	\$ 2,060,298	\$ (620,497)

The rate increase is 4.8% with a 6.2% increase budgeted for inpatient services, 5.6% for outpatient, and no increases for physician services. The rate will generate \$2.6 million of the overall \$3.0 million increase in Net patient revenues (NPR). They have reported that they will receive additional Medicare as part of this rate increase.

Utilization shows lots of change across payers, but very little increase. This will be discussed.

North Country Hospital
UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							
ADJUSTED ADMISSIONS	7,909	8,135	8,525	7,684	8,620	8,730	13.6%
ACUTE ADMISSIONS	1,373	1,363	1,370	1,374	1,365	1,366	-0.6%
AVERAGE LENGTH OF STAY	3.7	3.7	3.4	3.4	3.3	3.2	-4.9%
OUTPATIENT OPERATING ROOM PROCEDURES	2,762	2,895	2,851	2,660	2,868	2,830	6.4%
LABORATORY TESTS	589,068	569,412	537,515	521,876	535,813	535,813	2.7%
EMERGENCY ROOM VISITS	15,918	15,266	15,139	14,457	15,139	15,139	4.7%
RADIOLOGY-DIAGNOSTIC & CT SCANS	24,085	19,838	18,411	20,111	20,973	20,973	4.3%
MRIs	1,580	1,597	1,349	1,311	1,312	1,330	1.4%
PHYSICIAN OFFICE VISITS	88,763	92,330	84,068	83,977	88,323	100,882	20.1%
CLINIC VISITS	-	-	-	-	-	-	0.0%
Staffing							
NON-MD FTE	457	449	409	433	420	450	17.4
TRAVELERS	-	-	-	-	-	-	0.0
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTEs	33.9	35.6	32.3	30.7	31.3	33.9	3.2
TOTAL MD AND NON MD FTES	490.6	484.9	441.6	463.5	451.7	484.0	20.5
SALARY PER FTE - NON-MD	54,419	54,228	55,043	53,961	54,471	55,839	3.5%
SALARY & BENEFIT PER FTE - NON-MD	76,208	76,516	78,980	77,902	73,437	75,047	-3.7%
FTES PER ADJUSTED OCCUPIED BED	5.7	5.5	5.2	6.0	5.5	5.8	-3.7%
FTES PER 100 ADJUSTED DISCHARGES	5.8	5.5	4.8	5.6	4.9	5.2	-8.4%

Budgeted 2016 utilization (adjusted admissions) shows an increase from 2015 budget levels.

Projected 2015 is showing higher utilization than budget 2015 and Budget 2016 has added a pediatric practice.

There are also increases in operating room procedures and physician office visits, the latter due to the newly acquired pediatrics practice.

Non MD staffing is increasing by 17, and MDs are increasing by 3. Both of these increases are related to the newly acquired pediatric practice. NCH will discuss this at the hearing.

Productivity indicators are trending favorably.

North Country Hospital
BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$6,818,104	\$1,589,000	\$7,772,000	\$8,191,000
Total Current Assets	\$16,512,671	\$15,241,000	\$21,465,000	\$22,556,000
Total Board Designated Assets	\$34,248,547	\$30,736,000	\$23,357,000	\$25,496,000
Total Net, Property, Plant And Equipment	\$26,274,081	\$26,279,000	\$27,038,000	\$25,538,000
Other Long-Term Assets	\$1,779,298	\$1,502,000	\$1,475,000	\$1,475,000
Total Assets	\$78,814,597	\$73,758,000	\$73,335,000	\$75,065,000
Total Current Liabilities	\$31,446,208	\$30,267,000	\$31,032,000	\$30,759,000
Long-Term Debt	\$2,249,958	\$1,085,000	\$995,000	\$928,000
Other Noncurrent Liabilities	\$0	\$0	\$0	\$0
Total Fund Balance	\$45,118,431	\$42,406,000	\$41,308,000	\$43,378,000
Total Liabilities and Equities	\$78,814,597	\$73,758,000	\$73,335,000	\$75,065,000

The hospital's overall balance sheet shows a continued improvement in net assets (fund balance).

Debt is minimal as Board Designated Assets are being used for capital.

Hospital				
Net Increase/Decrease in Cash	\$ 3,185,726	\$ (35,000)	\$ 953,897	\$ 6,602,000
Days Cash on Hand	211	163	160	165
Cash to Long Term Debt	18.3	29.8	31.3	36.3
Long Term Debt to Capitalization	4.7%	2.5%	2.4%	2.1%
Debt Service Coverage Ratio	0.4	0.3	0.3	0.3

NCH's cash is expected to improve slightly in Budget 2016. Debt indicators are quite favorable.

Cash measures compare well against the system average.

Long Term Debt to Cap remains very low compared to the system. Other Debt measures are favorable.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

North Country Hospital

CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$3,088,618	\$3,217,415	\$6,706,712	\$3,792,554			
Certificate of Need Capital Plans		\$0	\$0	\$0	\$7,000,000	\$0	\$0
Total Capital Purchases	\$3,088,618	\$3,217,415	\$6,706,712	\$3,792,554	\$7,000,000		

Hospital

Age of Plant (years)	8.5	9.7	9.6	9.3	helps understand the status of all fixed assets		
Capital Expenditures to Depreciation	67.5%	62.7%	146.6%	71.3%	helps to understand current level of capital spend		
Capital Cost % of Budget	6.9%	7.5%	6.9%	7.4%	helps understand relative share of depr & interest		

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is trending favorably and compares well with the Vermont hospital system.

NCH spending has been slower than the system over the last few years. Capital cost % of budget remains higher than the system due to previous spending.

Non CON capital items include both building improvements and equipment total \$3.7 million for 2016. This amount is due to IT improvements. Future plans are for a \$7 million CON in 2017 for an inpatient med/surg unit.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON>\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Other Non CON Items under \$500,000	\$3,792,554	\$ -	\$ -	\$ -
Total Non-Certificate of Need Capital Purchases	\$3,792,554	\$ -	\$ -	\$ -

Certificate of Need Plans

Certificate of Need Proposals				
Inpatient Med Surg Rooms (North Country Hospital)	\$ -	\$ 7,000,000	\$ -	\$ -